

Navigating the Health Insurance Jungle

Health insurance has become one of the most complicated issues facing Americans today. It is seemingly impossible to make sense of the multitude of plans available and laws regulating them. This is especially true for older Americans who must be extra careful in managing their health insurance. Not only are their healthcare costs rising, but their access to insurance can be tenuous—particularly if they are considering retiring before the age of 65. While this situation can be painfully frustrating, it is possible to understand the health insurance options open for early retirees and find one's way through the jungle.

Why is retiring before the age of 65 such a daunting leap of faith when it comes to health insurance? Well, the easy part of the answer is at that age individuals are eligible for insurance through the federally-run Medicare program. However, before that point the number of insurance options available to potential retirees are relatively few and most are quite expensive. So, what can you do if you're younger than 65 and already have retirement confetti in your hair? Well, we don't have all the answers, but here are a few things you might want to consider in your quest for coverage.

An unlikely source...going back to work.

Perhaps the simplest path to continuing health insurance—and the irony of this isn't lost on any of us—is to get a job. Employer-provided insurance is often the easiest way to health benefits. This is especially true for individuals who cannot obtain insurance on their own because of pre-existing conditions.



Thus, some early retirees find themselves re-entering the labor force to maintain coverage after they have retired. Maybe a part-time position that allows you to access some kind of group plan is in your future.

Private insurance policies: not always an option.

Another possible route to bridge your post-retirement/pre-Medicare years is to purchase individual health insurance. While this option does allow for the most flexibility—given you can get the insurance company to issue you a policy—it can also be the most expensive. Because of that, it is important to determine just how much per month you would be able to spend on your health insurance. Likewise, it is critical to know exactly what the insurance will cover and what kind of co-payments you should expect. Also, does this policy cover prescription drugs? That answer alone could make or break your decision as for most individuals the cost of prescription drugs is prohibitive.

You may be able to continue your coverage with your current employer—or union, religious organization—after you retire. For example, some employers allow retirees to remain on the rolls of their group policy, but instead of subsidizing premiums the retiree must cover the entire amount. If this option is available to you it may be the most attractive avenue for continuing coverage.

Unfortunately, not all organizations offer this route, so to buy yourself some time, you may want to temporarily continue your coverage through the CORBA provisions of your current policy—ask your HR or benefits officer for more information. This allows you to continue your current policy, for up to 36 months, in some cases, if you meet some fairly easy requirements.

Last resort? Medicaid.

You could also find yourself in a rather desperate position where you can't get private coverage for whatever reason, you've exhausted your CORBA coverage, and can't find work or are unable to work. What then?

There is a last resort safety net—very last resort, mind you—and you may already know about it: Medicaid. This often-heard-of though not-as-well-understood program provides some medical services to the most desperately-in-need individuals in society. If you are an early retiree (without children at home) and find yourself without coverage and your income and asset levels have become severely limited, you may qualify for primary care and some prescription coverage through Medicaid. If your income is greater than the limits set by the program it may still be possible to receive Medicaid benefits, given you meet all the other requirements and you are deemed “medically needy.” If you think you may need to explore this route you will have to meet with a caseworker to iron out the details.

Facing the realities of our day and age.

Needless to say, the picture for health insurance coverage for an early retiree can appear rather bleak. As the healthcare industry in our country currently operates, individuals who are 50 plus, and aren't working, face some serious barriers to coverage. While there are options available, if you are serious about retiring early you better start planning not only for making your pension or 401k beefy enough, but also lining up some health insurance that will carry you through to the age of 65. It is possible, you just need to do a lot of extra legwork.

Resources

- AARP: <http://www.aarp.org/>
- Medicare: <http://www.medicare.gov/>
- Medicaid: <http://health.utah.gov/medicaid/>
- A Consumer's Guide to Getting and Keeping Health Insurance in Utah: <http://www.health-insuranceinfo.net/statecoverageguides/Utah-HealthInsuranceGuide.pdf>